

First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018-4214
847 318-7575

VIA FEDERAL EXPRESS



January 26, 1999

RECORDATION NO. 23000 FILED
JAN 28 '99 9-30 AM

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W., Room 704
Washington, DC 20423-0001

Re: Memorandum of Lease Agreement

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated January 6, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents. The names and addresses of the parties to the enclosed document are:

| | |
|--|---|
| Lessor: First Union Rail Corporation One O'Hare Centre 6250 River Road, Suite 5000 Rosemont, IL 60018 | Lessee: Twin Cities and Western Railway Company 2925 12 th Street East Glencoe, MN 55336 |
|--|---|

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A, as attached to such Memorandum.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,

Susan Grokulska
Manager – Documents Administration

Enclosures

(TCW003/TCW004)

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

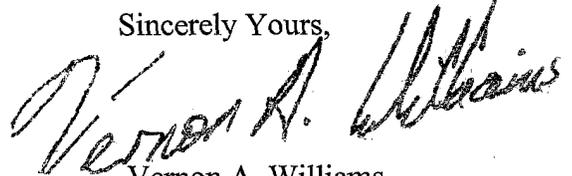
Susan Grokulsky
First Union Rail Corporation
6250 River Road, Ste. 5000
Rosemont, Illinois 60010

Dear Sir:

The enclosed documents (s) was recorded pursuant to the provisions of 49 U.S.C.
11301 and CFR 1177.3 (c), on 1/28/99 at 9:30 AM, and

assigned recordation numbers (s): 21990, 21991, 21992, 21993, 21994, 21995, 21996,
21997, 21998, 21999 and 22000. ✓

Sincerely Yours,

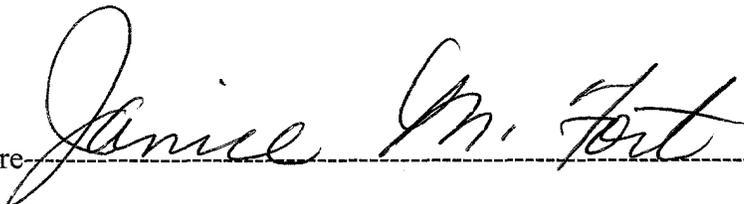

Vernon A. Williams

Enclosure(s) (11)

286.00

\$_____ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature _____



ASSIGN: TCW003/TCW004

IAN 28 '99

9-30 AM

Memorandum of Lease

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 6th day of January, 1999, by and between First Union Rail Corporation, a North Carolina corporation, ("Lessor"), and Twin Cities & Western Railroad Company ("Lessee").

W I T N E S S E T H:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement ("the Lease"), dated as of February 25, 1998, whereby Lessor has agreed to lease to Lessee certain railcars being described in more particular on Exhibit A attached, hereto, effective as of the date set forth above and subject to the terms, conditions and provisions of the above-mentioned Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: *J. J. Thomas*

Name: JACK THOMAS
President

Title: _____

By: *Michelle Berg*
Name: Michelle Berg
Title: Office Manager

Executed on this 22 day of January 1999.

[CORPORATE SEAL]

STATE OF Illinois

COUNTY OF Cook

I, Michelle Berg, a Notary Public in and for said state and county, certify that John J. Thomas personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 22 day of January, 1999.

Michelle Berg
Notary Public

My Commission Expires:



LESSEE:

TWIN CITIES & WESTERN RAILROAD
COMPANY

ATTEST:

By: David S. Thompson

Name: DAVID S. THOMPSON

Title: VICE PRESIDENT

By: _____

Name: _____

Title: _____

Executed on this ____ day of _____, 1999.

[CORPORATE SEAL]

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public in and for said state and county,
certify that _____ personally appeared before me this day and
acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

WITNESS my hand and official stamp or seal, this ____ day of _____,
1998.

Notary Public

My Commission Expires:

(Notary Public)

EXHIBIT A
to
Memorandum of Lease

Five (5) Gondola Railcars

Car Numbers

| | |
|------|--------|
| TCWR | 320195 |
| TCWR | 320196 |
| TCWR | 320197 |
| TCWR | 320198 |
| TCWR | 320199 |

Thirty-Nine (39) Covered Hopper Railcars

Car Numbers

| | | | |
|------|--------|------|--------|
| TCWR | 818198 | TCWR | 824527 |
| TCWR | 818201 | TCWR | 824534 |
| TCWR | 818202 | TCWR | 824535 |
| TCWR | 820686 | TCWR | 824541 |
| TCWR | 820849 | TCWR | 824546 |
| TCWR | 821038 | TCWR | 824566 |
| TCWR | 821101 | TCWR | 824574 |
| TCWR | 821104 | TCWR | 824584 |
| TCWR | 821109 | TCWR | 824585 |
| TCWR | 821486 | TCWR | 824593 |
| TCWR | 822142 | TCWR | 824595 |
| TCWR | 822150 | TCWR | 824600 |
| TCWR | 822153 | TCWR | 824603 |
| TCWR | 823351 | TCWR | 824605 |
| TCWR | 824478 | TCWR | 824621 |
| TCWR | 824503 | TCWR | 824637 |
| TCWR | 824505 | TCWR | 824639 |
| TCWR | 824512 | TCWR | 826170 |
| TCWR | 824520 | TCWR | 826171 |
| TCWR | 824522 | | |